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## **News Release**

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[WWW.USDOJ.GOV/USAO/MN](http://WWW.USDOJ.GOV/USAO/MN)

### **2 former Community National Bank officers plead guilty to conspiracy to defraud the U.S.**

Two former top officers for the Community National Bank, located in North Branch, appeared in federal court yesterday, where they pleaded guilty to fraud charges in connection to the financing of Ramsey Town Center, a 320-acre, mixed-use development in Ramsey, Minnesota.

William Garfield Sandison, 65, Forest Lake, and his son, Ross William Sandison, 42, Grant, each pleaded guilty to one count of conspiracy to defraud the United States. They entered their pleas before U.S. District Court Judge Patrick Schiltz in St. Paul. They were indicted on April 21.

The plea agreements in this case indicate that from 2003 through 2007, William Sandison, president of Community National Bank, and Ross Sandison, vice president, conspired to execute a scheme to defraud other financial institutions out of money. To further their scheme, they caused Community National Bank to solicit other banks to join in financing the Ramsey Town Center.

Twenty banks agreed to do so. Thus, Community National Bank, which contributed \$1.5 million to the project, loaned Ramsey Town Center \$35 million in development funds, with an option for another \$15 million. The money was to be repaid as the development land was sold. Community National Bank assumed responsibility for administering the loan on behalf of the participating banks.

Through his plea agreement, William Sandison admitted he then arranged for a \$990,000 loan from the Ramsey Town Center development funds without informing the other banks. Later, he arranged for another loan – this one in the amount of \$6 million – from the same funds. Again, he failed to notify the other banks of his actions. William Sandison claimed that in both instances, he intended to repay the loans before the banks were due to be paid. In his plea agreement, however, William Sandison stated he, along with others, eventually sent a misleading

letter to the banks, concerning repayment of “a \$6,000,000 loan.”

William Sandison also caused false and misleading information to be provided to federal bank examiners from the Office of the Comptroller of Currency relative to expenses Community National Bank paid on his behalf. Specifically, he claimed the expenses questioned by the examiners were “ordinary and necessary business expenses that relate to bank business...” Some of them, however, such as \$8,500 in landscaping services at his private residence, were personal in nature.

For his part, Ross Sandison admitted that between 2003 and 2006, he, too, obstructed the work of federal bank examiners by providing them with false and misleading information about his own personal expenses, some of which were paid by Community National Bank. In addition, he caused Community National Bank to classify some of his personal expenses as business expenses. As a result, he refrained from including those dollar amounts as income on his individual federal income tax returns, even though he knew they should have been reported as such.

For his crimes, each defendant faces a potential maximum penalty of five years in prison. Judge Schiltz will determine their sentences at a future date.

A tentative jury trial date of Oct. 20 is set for co-defendant Curtis Alan Martinson, 53, Eden Prairie. He is charged with bank fraud, mail fraud, misapplication of bank funds, conspiracy and money laundering. Martinson was the bank’s senior vice president and, later, its executive vice president. Martinson reported to William Sandison and Ross Sandison and served as branch manager and senior lending officer.

This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division and the U.S. Postal Inspection Service. It is being prosecuted by Assistant U.S. Attorney Ann M. Anaya.